

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

United States of America,

Court File No. 24-cv-2944 (KMM/JFD)

Plaintiff,

**RECEIVER'S RESPONSE TO
DEFENDANTS BACKUS AND GRYGO'S
REQUEST TO SELL ASSETS**

v.

Evergreen Recovery Inc., Evergreen Mental
Health Services Inc., Ethos Recovery Clinic
Inc., Second Chances Recovery Housing Inc.,
Second Chances Sober Living, Inc., David
Backus, Shawn Grygo, and Shantel Magadanz,

Defendants.

Receiver Ranelle Leier submits the following response to Defendants David Backus and Shawn Grygo's request to sell certain assets. (Dkt. No. 56.) As a concept, the Receiver does not object to Defendants Backus and Grygo selling personal assets in order to pay for living expenses. Before the Receiver can agree to Defendants Backus and Grygo's current request, however, more information is needed. Specifically, as to each asset identified, the Receiver requests that Defendants Backus and Grygo provide the Court and counsel with the following information:

1. A complete description of each asset, including make, model, and year.
2. Proof of owner of the asset. Specifically, a copy of the title or other evidence the asset is owned by Defendant Grygo and/or Defendant Backus and not owned by one of the Receivership entities.

The Receiver also requests that the Court require that any sale of assets is limited to those assets specifically approved by the Court and that such sale is an arms-length transaction for fair market value. The Receiver understands that counsel for Plaintiff is attempting to obtain

additional information regarding the assets identified in Dkt. No. 56 from Defendants Backus and Grygo in order to reach a potential agreement regarding their sale, but Plaintiff's counsel has received some but not all requested information.

In sum, the Receiver respectfully requests that the Court require Defendants Backus and Grygo to provide the information set forth above and require any sale of Defendants Backus and Grygo's assets to be via an arms-length transaction for fair market value.

Dated: October 1, 2024

FOX ROTHSCHILD LLP

/s/ Ranelle Leier

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Receiver for the Evergreen Entities